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SIPDIS

SENSITIVE

STATE FOR WHA/CAN, WHA/MEX, AND OES/ENV (VAN HOOGSTRAATEN)  
EPA FOR THE ADMINISTRATOR

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SUBJECT: U.S./CANADA ENVIRONMENTAL DISCUSSIONS AND CEC  
COUNCIL MEETING

1. (U) Sensitive but unclassified. Not for distribution outside USG channels.

2. (SBU) Summary: On the margins of the 12th annual meeting of the Council of the Commission for Environmental Cooperation (CEC) in Quebec City June 21-22, EPA Administrator Stephen Johnson reviewed a wide range of water, air quality, climate change, and other environmental issues with Canadian Environment Minister Stephane Dion. The CEC meeting served to update the U.S., Canadian, and Mexican delegations on CEC activities and goals, and the member countries approved the organization's Strategic Plan for the next five years. End summary.

#### Bilateral Environmental Discussions

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3. (SBU) Minister Dion began the meeting with Administrator Johnson by stating that he believes the overall environmental relationship between the two countries is very positive. Dion said that transboundary water issues have become a key element of the relationship, and noted that the proposed outlet at Devils Lake, North Dakota, where flooding has caused hundreds of millions of dollars in damages, has already been discussed directly by President Bush and Prime Minister Martin. Dion commented that, in his opinion, the International Joint Commission (IJC) remains the best forum to resolve the dispute, with an IJC-like process the second best solution. Administrator Johnson stated that the good news on Devils Lake is that it is now receiving appropriate high level attention in Washington.

4. (SBU) The Administrator noted that water issues will become increasingly important for both countries, for three primary reasons: 1) security of water systems and potential vulnerabilities; 2) water quality and the related issue of invasive species; and 3) sustainability of supply and aging water infrastructure. Johnson further noted that he has been actively involved in putting together a collaborative strategy on the Great Lakes, where there are more than 100 conservation programs at local, state, and federal levels. More than 30 million Americans, he observed, depend on the Great Lakes for drinking water. Dion agreed that water quality in the Great Lakes and St. Lawrence will become increasingly important for Canada as well, and suggested that the two countries find a way to approach water issues in the same regular, comprehensive fashion used for air quality. Johnson noted that the timing for instituting regular discussions on water quality may be good, as IJC is preparing a report on Great Lakes water quality, and that EPA will soon release a draft strategy on the Great Lakes for public comment.

5. (SBU) With regard to climate change, Dion stated that Canada is comfortable with both the U.S. and European (i.e., Kyoto signatories) approaches to reducing greenhouse gas (GHG) emissions. As it prepares to host the 11th Conference of Parties (COP-11) to the UN Framework Convention on Climate Change in Montreal in November, Dion said that Canada will be seeking some kind of declaration to bridge the rhetorical gap between Kyoto's signatories and non-signatories. Dion observed that differing approaches to climate change have not stopped extensive cooperation between the United States and Canada. He also noted that domestically, Canada has the biggest challenge of all the Kyoto signatories in reducing GHG emissions. Dion said that Canada should view this as an opportunity to promote energy diversity and security, and that plans for a carbon market will also present an opportunity to increase Canada's overall energy efficiency.

6. (SBU) On air quality, Dion said that he was very pleased with the work of the Canada/U.S. Air Quality Committee, although he expressed some frustration with the slow process of negotiating an annex on Particulate Matter (PM). Johnson noted that a major priority for the Administration is to get the Clear Skies Initiative passed, as it would write into law current EPA regulations which will reduce sulfur dioxide, nitrous oxides, and mercury emissions by up to 70 percent. Johnson added that there has been a clear demonstration of negative health effects of PM, and programs to reduce PM

create a variety of options for cross border cooperation.

17. (SBU) Administrator Johnson noted that there is now an excellent opportunity to settle the matter of the Teck Cominco Metals smelter mine. Pollutants from the British Columbia facility have built up over time in Washington state's Lake Roosevelt, and EPA is considering various assessment and clean-up options. Dion commented that Canada could not accept an "extraterritorial" application of U.S. law, but said a Memorandum of Understanding on joint investigation of the problem could prove satisfactory. Regarding the "Victoria M," a derelict U.S. vessel mistakenly scuttled in Canadian waters, Administrator Johnson commented that no firms submitted proposals when EPA put out recovery of the vessel for a fixed-price bid. Johnson added that EPA has now asked the U.S. Navy for a specific proposal.

18. (SBU) Regarding trilateral issues, Johnson and Dion both noted that the Security and Prosperity Partnership (SPP) presents opportunities for trilateral cooperation, but that any activities under the SPP need to be handled carefully in light of the ongoing work of the CEC. Both noted approvingly that Mexico's recent announcement that it will move to low-sulfur diesel fuel was a result of activities within the broader SPP framework.

#### 12th Regular Session of the CEC Council

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19. (U) The 12th regular session of the CEC Council opened with brief remarks by the heads of each of the three national delegations: Minister Dion, Administrator Johnson, and Mexican Head of Delegation Jose Manuel Bulas Montoro. Also addressing the opening session were Quebec Minister of Sustainable Development and Environment Thomas Mulcair, Arturo Duran, chair of the CEC's Joint Public Advisory Committee, and William Kennedy, CEC Executive Director. Kennedy took note of the many CEC activities during the year, including reports on sound management of chemicals, maize and biodiversity, North American power plant emissions, the "Baja to Bering" marine priority conservation areas study, and the Pollutant Release and Transfer Registry.

110. (SBU) At the Council's in-camera sessions, the parties adopted the CEC Strategic Plan for 2005-2010. The Strategic Plan envisions a results-oriented strategy focused on information for decision-making, capacity building, trade and environment, and expanding partnerships for environmental stewardship. The Strategic Plan further reaffirms the commitments laid out in the "Puebla Declaration," adopted in 2004 on the tenth anniversary of the North American Agreement on Environmental Cooperation, which envisions the CEC as a catalyst for regional action and discussion of North American environment and economic concerns. The Council then heard from various working groups which had studied specific issues over the preceding months, including activities focusing on Information, the North American Atlas Framework, Trade and Environment, and Capacity Building, as well as a session with Business Associations.

111. (SBU) The Information group, noting that the Puebla Declaration calls for credible, balanced and timely information on the North American environment, reported that its key objectives are strengthening the capacity of decision makers to understand continental issues, establishing an environmental information and knowledge framework, identifying emerging trends and issues, and communicating environmental information to facilitate action. The North American Atlas Framework group reported that air quality and emissions can be the first part of a comprehensive digital data system under the Framework, a system which will ultimately contain environmental information in a variety of formats, including linked maps and spreadsheets, to identify potential problems and areas for action. The Framework will also improve comparability and compatibility of data reported by the member countries, and help bridge the gap between technical data and policy considerations.

112. (SBU) The Trade and Environment group operates under article 10(6) of the North American Agreement on Environmental Cooperation (NAAEC), which mandates the CEC to cooperate with the NAFTA Free Trade Commission (FTC) to achieve the environmental goals of NAFTA. The group reported that its objectives are to encourage trade in "green" products, as well as increase the capacity to identify trade related environmental concerns and improve collaboration and coordination among members. The group is also developing training materials to identify, analyze, and take enforcement action against trade in harmful substances and protected species.

113. (SBU) The Capacity Building group, acknowledging that the development of institutional capacities is especially important to Mexico, reported on projects to improve training for wildlife inspectors and enforcement personnel, to establish alliances for integrated environmental enforcement

in selected industries and regions, and to develop instruments to promote effective ecosystem management. The development of an integrated environmental enforcement regime for Mexico will promote capacity building in Mexican federal, state, and municipal government agencies and in the private sector, with incentives for businesses to improve their environmental performance.

¶14. (SBU) The session for Business Associations included the Canadian Chamber of Commerce, the U.S. Council for International Business, and Mexico's Confederacion de Camaras Industriales. After a presentation by each of the associations, the session focused on how the parties can interest the private sector in actions consistent with CEC goals, which models may be useful for private sector involvement, how achievable goals may be set, and what product or report would be most useful for the next Council session.

¶15. (SBU) The CEC 12th Regular Session concluded with a meeting between the Council, the parties, and the Joint Public Advisory Committee, comprised of public representative appointed by each of the parties. The parties also released a Ministerial Statement announcing the Strategic Plan and reaffirming CEC goals.

¶16. (U) This message has been cleared by EPA.

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